

**Assembly Bill No. 1380**

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Passed the Assembly August 29, 2005

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*Chief Clerk of the Assembly*

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Passed the Senate August 23, 2005

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2005, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Sections 7945 and 7945.1 to the Public Utilities Code, relating to telecommunications.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1380, Gordon. Telecommunications: new area codes.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law places notice and other requirements upon telephone corporations whenever the telephone corporation proposes to establish a new area code. Existing law requires the commission to first implement all reasonable telephone number conservation measures before approving an area code split.

Existing law requires the Federal Communications Commission (FCC) to create or designate one or more impartial entities to administer telecommunications numbering and to make numbers available on an equitable basis for telecommunications carriers, as defined. Existing law provides that the FCC has exclusive jurisdiction over those portions of the North American Numbering Plan that pertain to the United States, but provides that these provisions do not preclude the FCC from delegating to state utility regulatory commissions or other entities all or any portion of the FCC's jurisdiction.

This bill would require the commission, by January 15, 2006, to request the FCC to delegate authority to the commission, pursuant to the above described law, to implement inventory management guidelines to ensure carrier compliance with 6-month inventory rules and timing for donations and returns to the numbering pool. The bill would require the commission, on or before July 31, 2006, to develop rules that ensure compliance with FCC numbering resource optimization orders which require that telephone number inventories retained by telecommunications carriers be limited to amounts necessary to fulfill each carrier's 6-month inventory needs and that specify the timing of donations and returns of those thousand-number blocks. The bill would require that these rules be implemented immediately upon the delegation of authority by the FCC and would require the commission to consider developing 6-month

telephone number inventory standards that would place specified requirements upon telephone corporations in determining the inventory of numbering resources applicable to telephone corporations that hold dialing codes or thousand-number blocks within rate centers in California and require them to donate excess blocks of numbers to the North American Numbering Plan Administrator within 30 days of the filing of their next scheduled biannual Numbering Resource Utilization/Forecast Report. The bill would require the commission, by February 1, 2006, and each month thereafter, until the commission requests authority from the FCC to implement inventory management guidelines and develop rules for that implementation, to report to the Legislature on the progress made by the commission at obtaining that authority and at developing those rules pursuant to the above-described requirements.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) Although the Federal Communications Commission (FCC) has established requirements that telecommunications carriers are to be limited to a six-month supply of inventory for numbering resources, the California Public Utilities Commission (CPUC) has not established rules necessary to comply with FCC orders.

(b) It is necessary to establish rules for telecommunications carriers to use in defining six-month inventory needs, forecast methodology, and timing of donations and returns in order for California to comply with FCC regulations.

(c) Historical experience shows that blocks of numbers have repeatedly been taken from the numbering pool in excess of actual needs.

(d) Numbers held in carrier inventories in excess of FCC regulations are not available to other telecommunications carriers that may need numbers to serve their own customers.

(e) Improper management of telephone number inventories may create a perception that an area code is about to exhaust its supply of numbers when, in reality, available numbers are merely being allocated inefficiently.

(f) Area code changes are costly to governments, consumers, and businesses in the old area code when they are forced to incur costs associated with updating their telephone numbers.

(g) Area code changes represent a particular burden to seniors and the disabled community who can face significant challenges associated with an area code number change.

(h) Adoption of inventory rules would be consistent with the state's delegated responsibilities for assessing the need for and timing of area code relief. The FCC has recognized the essential role performed by state commissions in this regard, and has further recognized that state commissions are uniquely positioned to determine when to implement area code relief. The proper determination of when to implement area code relief requires effective tools to assess to what extent numbering resources are being utilized efficiently.

(i) Inventory rules are necessary to support the most efficient use of telephone numbers in area codes throughout California and are a vital component of the "reasonable telephone number conservation measures" required in accordance with subdivision (c) of Section 7943 of the Public Utilities Code.

(j) The rapid growth in demand for telephone numbers has led to a proliferation of new area codes. Emerging technology will further deplete California's numbering resources as consumers outside of California place further demands on these limited resources.

(k) The FCC has also recognized that maximizing the efficient use of telephone numbers within area codes serves to reduce the need to introduce new area codes, which protects consumers from the expense, trouble, and dislocation that area code relief entails and also can help to prevent premature exhaustion of existing area codes.

(l) Telephone numbers are public resources to be treated as public property and distributed to companies for the purpose of providing services to consumers. The state has a responsibility to ensure that telephone numbers are being properly utilized in the most efficient manner possible for the benefit of consumers and telephone service providers alike. This will benefit communities, local governments, businesses, and the telecommunications carriers themselves by creating fair competition and equal access to numbering resources.

SEC. 2. Section 7945 is added to the Public Utilities Code, to read:

7945. (a) This section shall be known and may be cited as the Area Code Conservation and Consumer Protection Act of 2006.

(b) On or before January 15, 2006, the commission shall request the Federal Communications Commission to delegate authority to the commission pursuant to paragraph (1) of subsection (e) of Section 251 of Title 47 of the United States Code, to implement inventory management guidelines to ensure carrier compliance with six-month inventory rules and timing for donations and returns to the numbering pool.

(c) On or before July 31, 2006, the commission shall develop rules, using existing commission resources, that ensure compliance with Federal Communications Commission numbering resource optimization orders, which require that telephone number inventories retained by telecommunications carriers be limited to amounts necessary to fulfill each carrier's six-month inventory needs. These rules shall additionally specify the timing of donations and returns of those thousand-number blocks that meet currently applicable contamination thresholds and are not needed to maintain six-month inventory levels, to further ensure compliance with Federal Communications Commission numbering resource optimization orders.

(d) The rules shall be developed in full consideration of the recommendations of Section 7945.1 and shall be implemented immediately upon the delegation of authority by the Federal Communications Commission to the commission to implement inventory management guidelines to ensure carrier compliance with six-month inventory rules and timing for donations and returns to the numbering pool, and consistent with the requirements of due process.

SEC. 3. Section 7945.1 is added to the Public Utilities Code, to read:

7945.1. (a) The commission shall consider the following recommendations for developing six-month telephone number inventory standards.

(b) For purposes of this section, "NRUF" means Numbering Resource Utilization/Forecast Reports filed with the North American Numbering Plan Administrator.

(c) For code or block holders that have acquired and retained public numbering resources and have filed at least three NRUF Reports with the North American Numbering Plan Administrator, a separate calculation shall be made for each rate center within each area code within which the telephone corporation holds an inventory of telephone numbers, that does all of the following:

(1) Calculates the change in the historical demand for telephone numbers, which represents the code or block holder's actual growth. Code or block holders shall use the most recently filed NRUF Report (NRUF at time 2) and the NRUF Report filed 12 months before the most recently filed NRUF Report (NRUF at time 1). The change in the historical demand for telephone numbers consists of those telephone numbers categorized as Assigned or Intermediate in the NRUF Reports. The formula for calculating the change in the historical demand for telephone numbers shall be  $((\text{Assigned numbers} + \text{Intermediate numbers as of NRUF at time 2}) - (\text{Assigned numbers} + \text{Intermediate numbers as of NRUF at time 1}))/2$ .

(2) Determines the appropriate growth rate, where the maximum growth rate is to be 15 percent, to calculate the projected growth in telephone numbers for the next six months.

(3) Computes the projected growth in telephone numbers. The formula shall be the product of the change in the historical demand for telephone numbers and the appropriate growth rate.

(4) Computes the excess inventory of telephone numbers. The formula shall be the difference of the available numbers reported in NRUF at time 2 and the projected growth in telephone numbers.

(5) Computes out the short-term inventory level. The formula shall be the difference between the total numbering resources and the excess inventory of telephone numbers.

(d) For code or block holders that have acquired and retained public numbering resources and have filed no more than two NRUF Reports with the North American Numbering Plan Administrator, the telephone corporation shall utilize data from their most recently filed NRUF report as the basis for prospective inventory calculations. The calculations shall do all the following:

(1) Calculate the change in the historical demand for telephone numbers, which represents the code or block holder's actual growth. Code or block holders shall use the most recently filed NRUF Report (NRUF at time 2). The change in the historical demand for telephone numbers consists of those telephone numbers categorized as Assigned or Intermediate in the NRUF Reports. The formula for calculating the change in the historical demand for telephone numbers shall be (Assigned numbers + Intermediate numbers as of NRUF at time 2).

(2) Determine the appropriate growth rate, where the maximum growth rate is 15 percent, to calculate the projected growth in telephone numbers for the next six months.

(3) Compute the projected growth in telephone numbers. The formula shall be the product of the change in the historical demand for telephone numbers and the appropriate growth rate.

(4) Compute the excess inventory of telephone numbers. The derivation shall be the difference of the Available numbers reported in NRUF at time 2 and the projected growth in telephone numbers.

(5) Compute the short-term inventory level. The formula shall be the difference of the total numbering resources and the excess inventory of telephone numbers.

(e) The commission shall, by February 1, 2006, and each month thereafter, report to the Legislature on the progress made by the commission toward obtaining authority and developing rules pursuant to Section 7945. The commission may cease monthly reports to the Legislature upon requesting authority from the Federal Communications Commission pursuant to subdivision (b), and developing rules pursuant to subdivision (c) of Section 7945.

Approved \_\_\_\_\_, 2005

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*Governor*